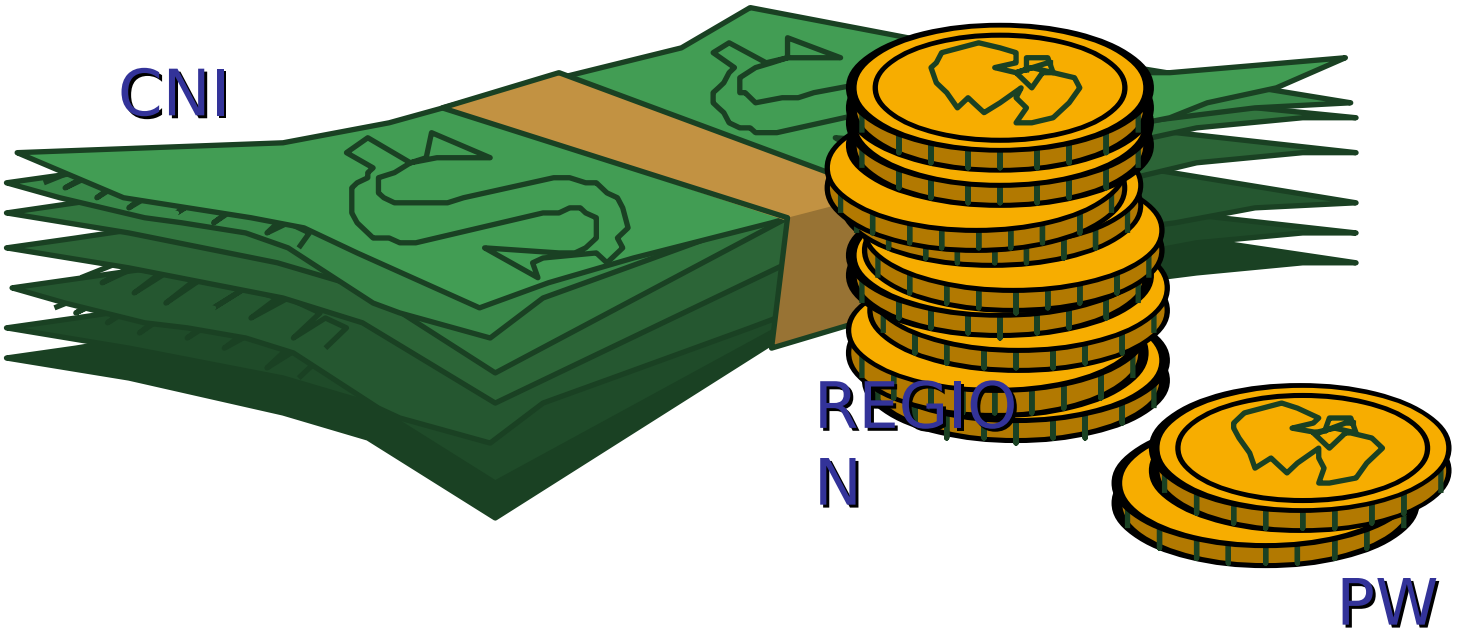
Installation Real Property Budgeting

BUDGET
WORKSHOP



BRUCE CROCKER

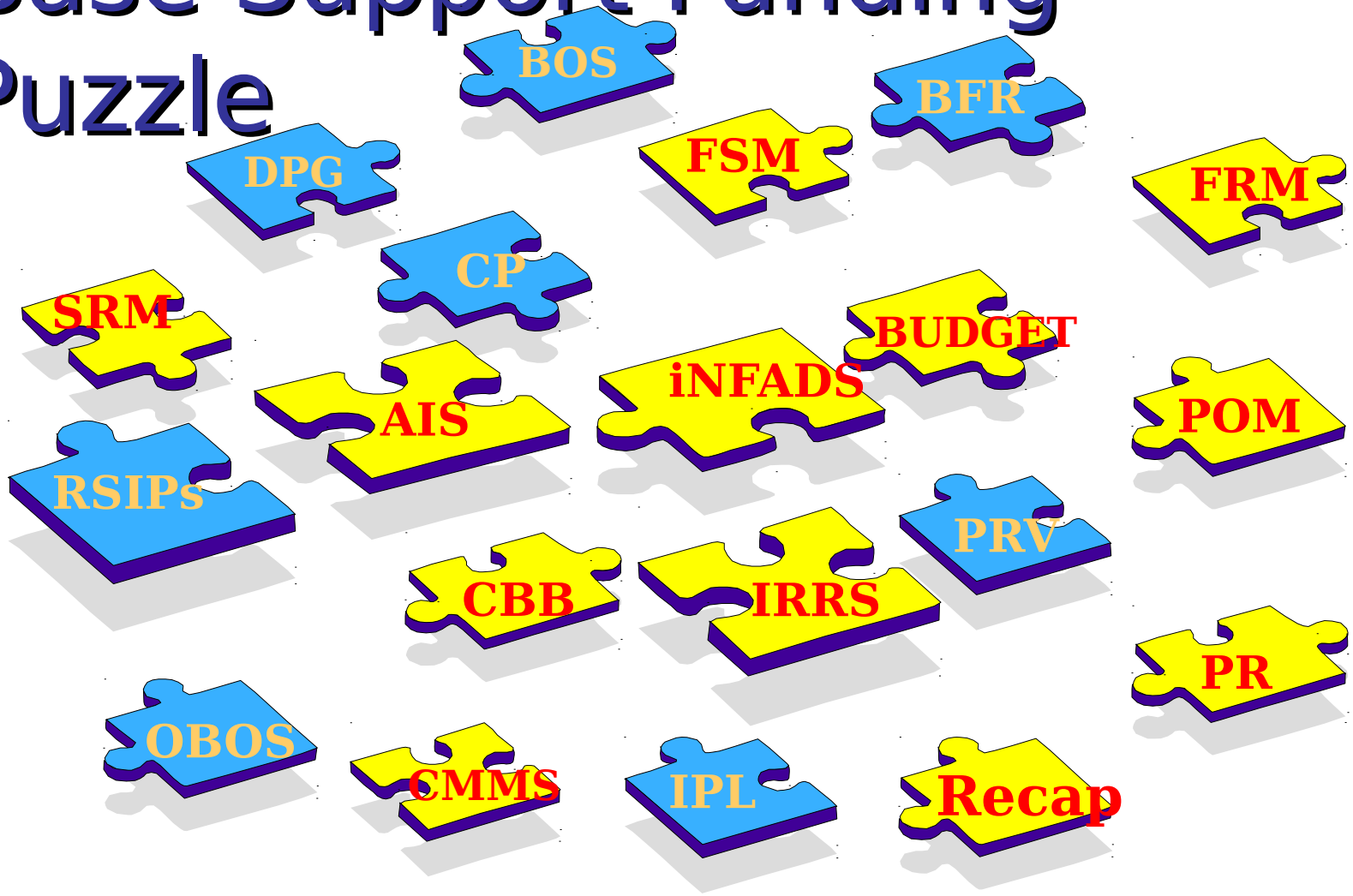
LANTNAVFACENGC
OM
CODE BE11BC

DSN 262 – 4629
COMM. (757)

NORFOLK,
VIRGINIA

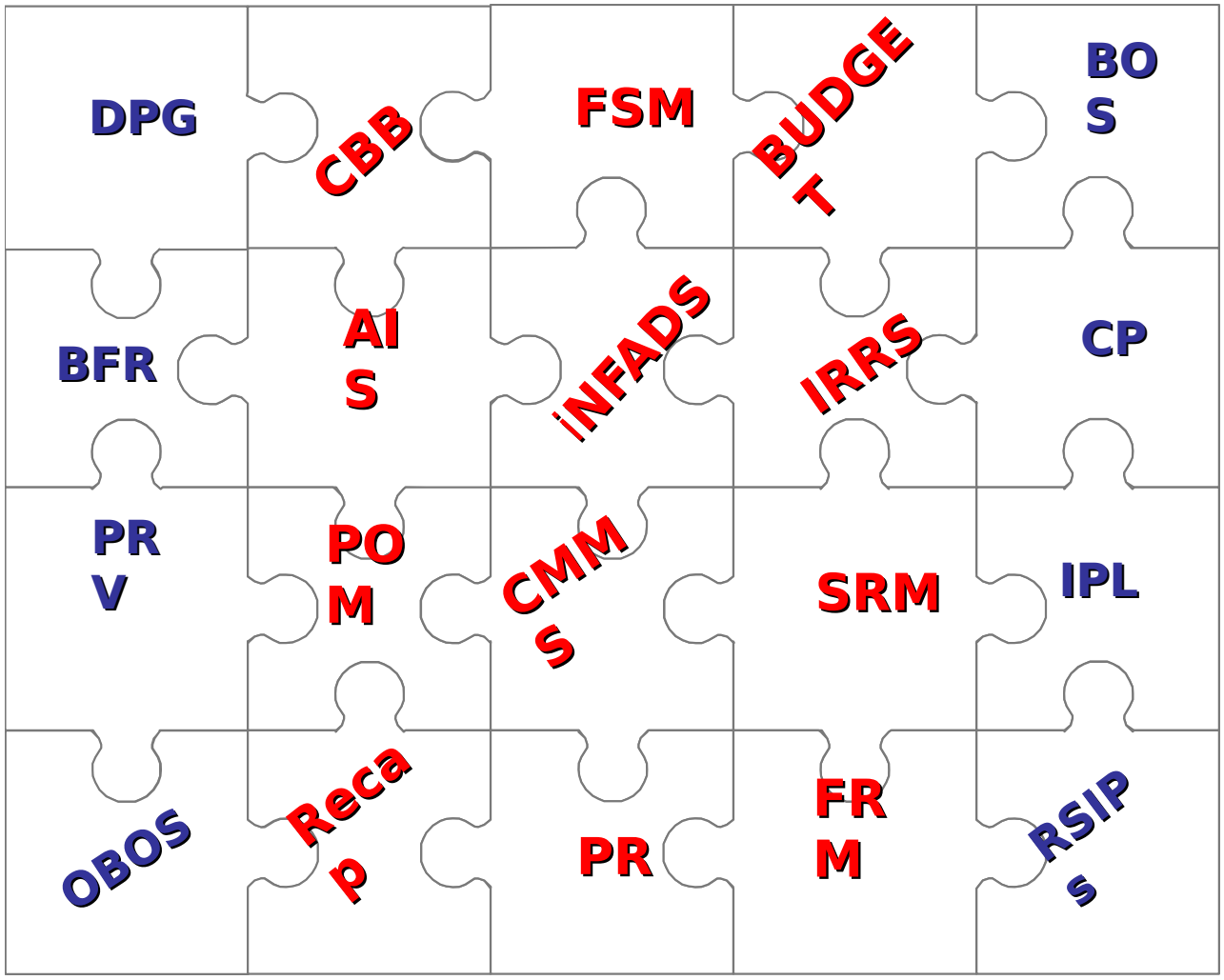
322 - 4629
FAX - 4715
CROCKERBD@efdlant.navfac.n

Pieces of the Navy Base Support Funding Puzzle



Why do I have to do all this stuff, anyway?

By the end of this workshop (hopefully) …



The Way Ahead…

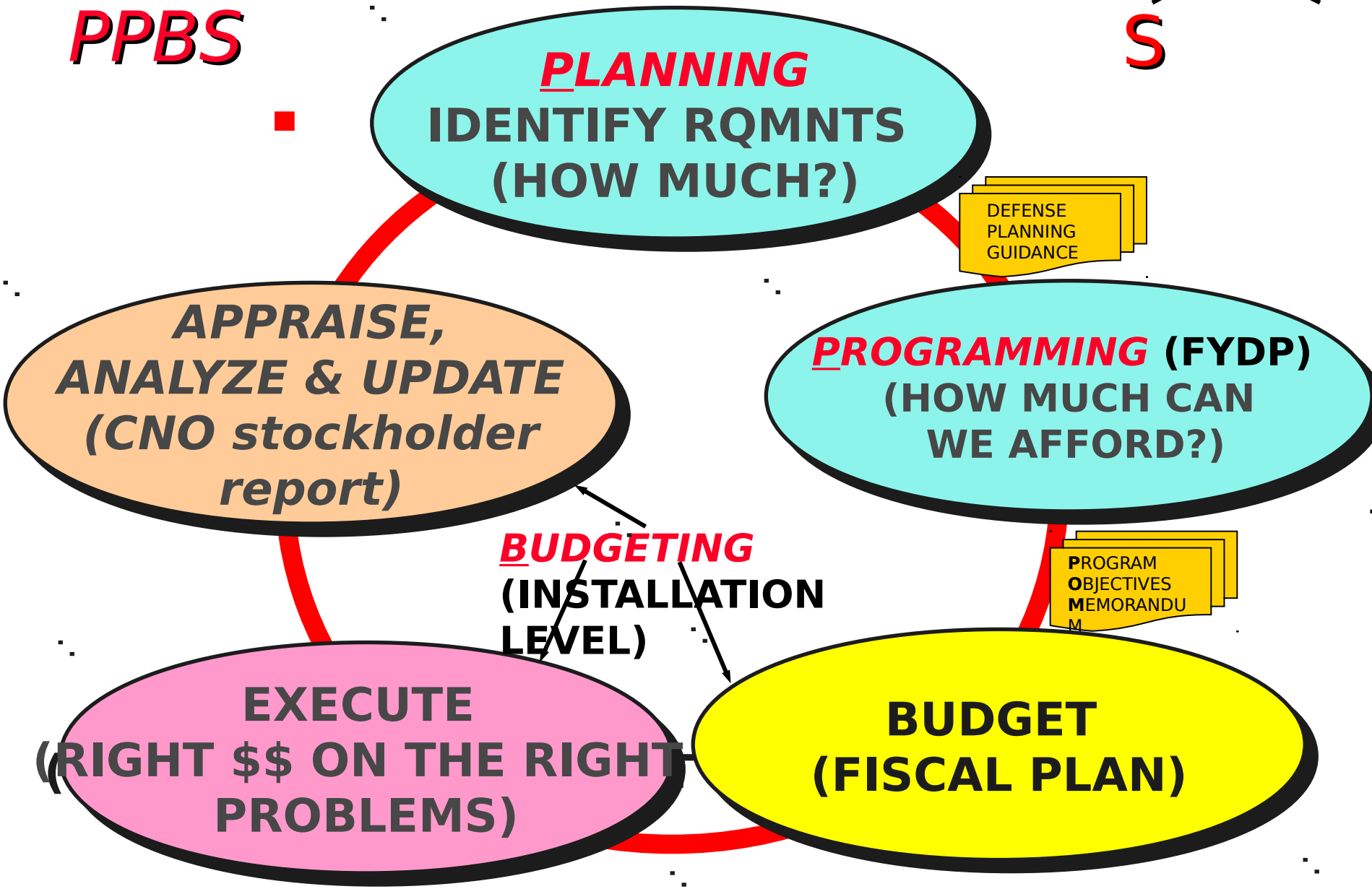
RADM Weaver, CNI, IMWG 11-13 Sept. 2003

- “Our top leadership has turned 180 degrees with respect to installations…we have been discovered”
- “With the realization we are part of combat power, there is the expectation that we will have it all solved by tonight”
- “Our backshop has gotten unwieldly and too large. Our job – one job – is to de-layer the establishment”
- We have “a McDonald’s mentality – 24 hours a day – whatever they want. Just in case mentality is going to kill us…link installation readiness with operational readiness. Have to find out what you really need ”
- “We are going to do more with less”
- “Changing culture is about acting not about talking”
- “It is OK to come up with business processes to save resources – it is your duty”
- “To go back and look at prior year financials and use that to program for the future is like driving 90 MPH with your eyes fixed on the rear view mirror”

The Financial Management Cycle

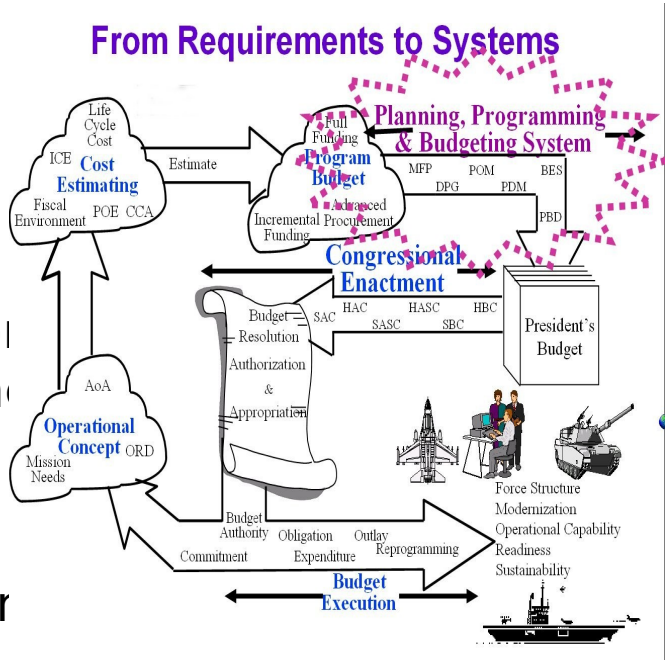
~~PPBE~~

PPBS



The future of Planning, Programming and Budgeting in DoD (from OUSD BMMP)

- Resource allocations tied to performance goals established during the planning process
- Resource decisions based on performance outcomes, risk and cost
- Resource decisions based on total program cost
- Ability to plan and resource by capability
- Streamlined planning, programming and budgeting cycle
- More accurate resource estimates tied to robust cost modeling techniques
- Timely and consistent information available fo decision-making at all levels of th
- Performance evaluated continuously with exception- based analysis
- Real time and accurate fund status informatio



What is a budget ?

- 1.) Expression, in financial terms, of a *plan* to execute the organization's program objectives for a specified period of time. 2.) an instrument of *planning*, performance measurement, decision-making and management control as well as a statement of priorities.
- Success based on agreement of budget contents and a cooperative commitment to the *plan* by the C.O./Region Commander, Comptroller, and PW Management personnel.
- Good budget = good spending plan for the upcoming Fiscal Year

Objective:
Credibility at the budget table

- PW spends AT LEAST 50% of station's $$; Budget backup/justification is essential
- Must be able to answer your Region's questions
- Zero – based; start from scratch each year
- It's your budget. If you're not preparing it; find out who is and take it over
- Cannot be prepared in a vacuum

Basic References

- Region inst 7xxx.x - latest Region Budget Instruction
- Budget Guidance Memoranda – guidance & inflation factors - http://navweb.secnav.navy.mil/nhbs but you need password
- OPNAVINST 11010.34 - CNO AIS instr. and 14258Z JUN 96 msg (revised Critical Criteria)
- CNI/Region AIS inst. or annual guidance
- OPNAVINST 11010.23 - Year end Execution Report guidance

Basic References cont'd.

- OPNAVINST XXXXX - S/RM POLICY FOR NAVY FACILITIES MANAGEMENT
- OPNAVINST 11000.16A CH-1 9 Dec. 1998 - Command Responsibility for Shore Activity Land & Facilities
  - CO responsible for requirements identification, budgeting for correction, execution of work, annual reporting of condition, economic maintenance .....
- Most instructions available at http://neds.nebt.daps.mil but most in various stages of update

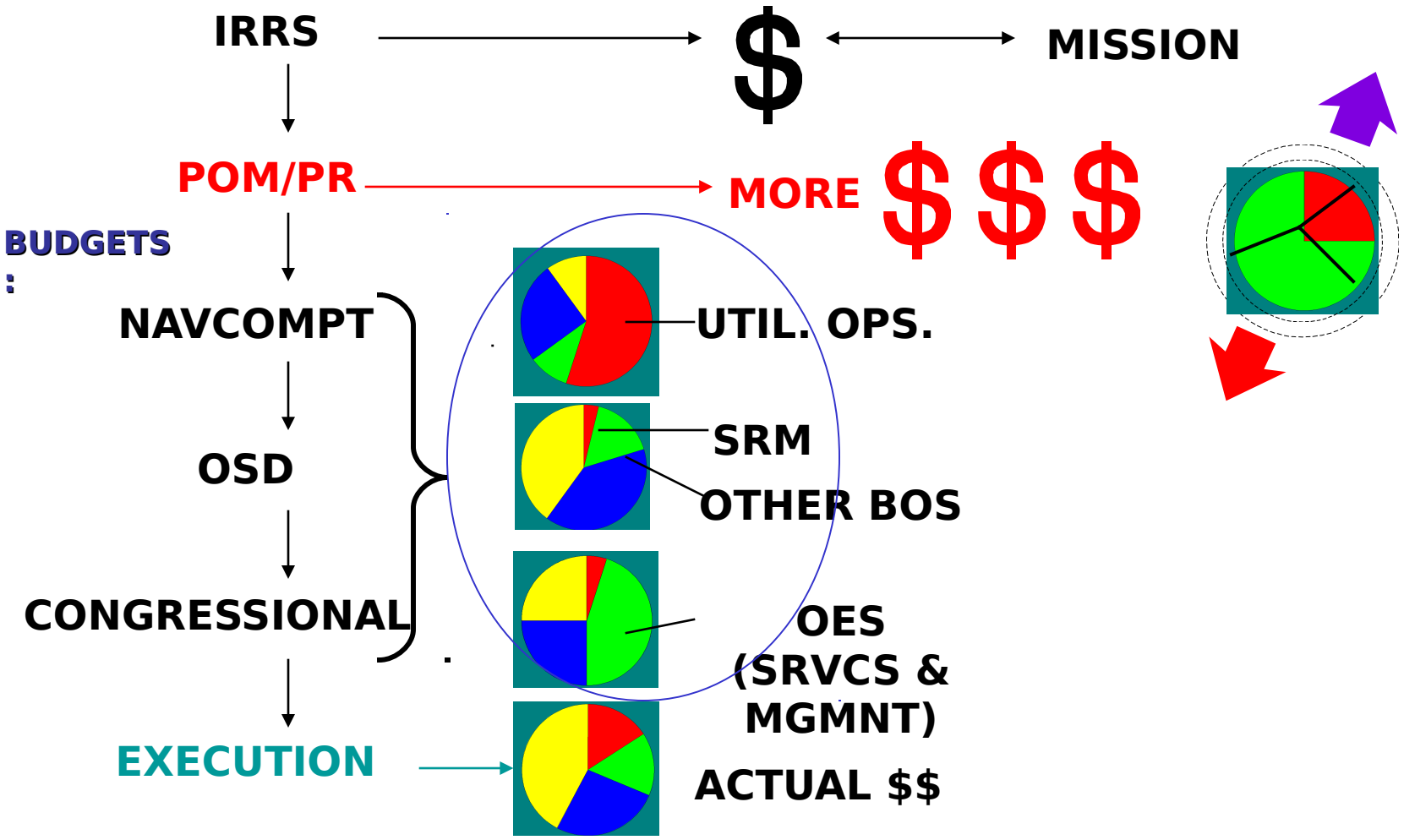
Basic References cont'd.

- Facilities Sustainment Model (FSM) -
- Facilities Recapitalization Metric (FRM) –
- DoD Facilities Pricing Guide -
  - All above available at www.ACQ.OSD.MIL/IE/IRM.HTM
    Click on "IR&M" middle of page
- Installation Readiness Reporting System
  - www.RKENG.COM/IRRS (to be moved to NITC)
- Another SRM site:
  - www.whitestoneresearch.com/secure/definition.php

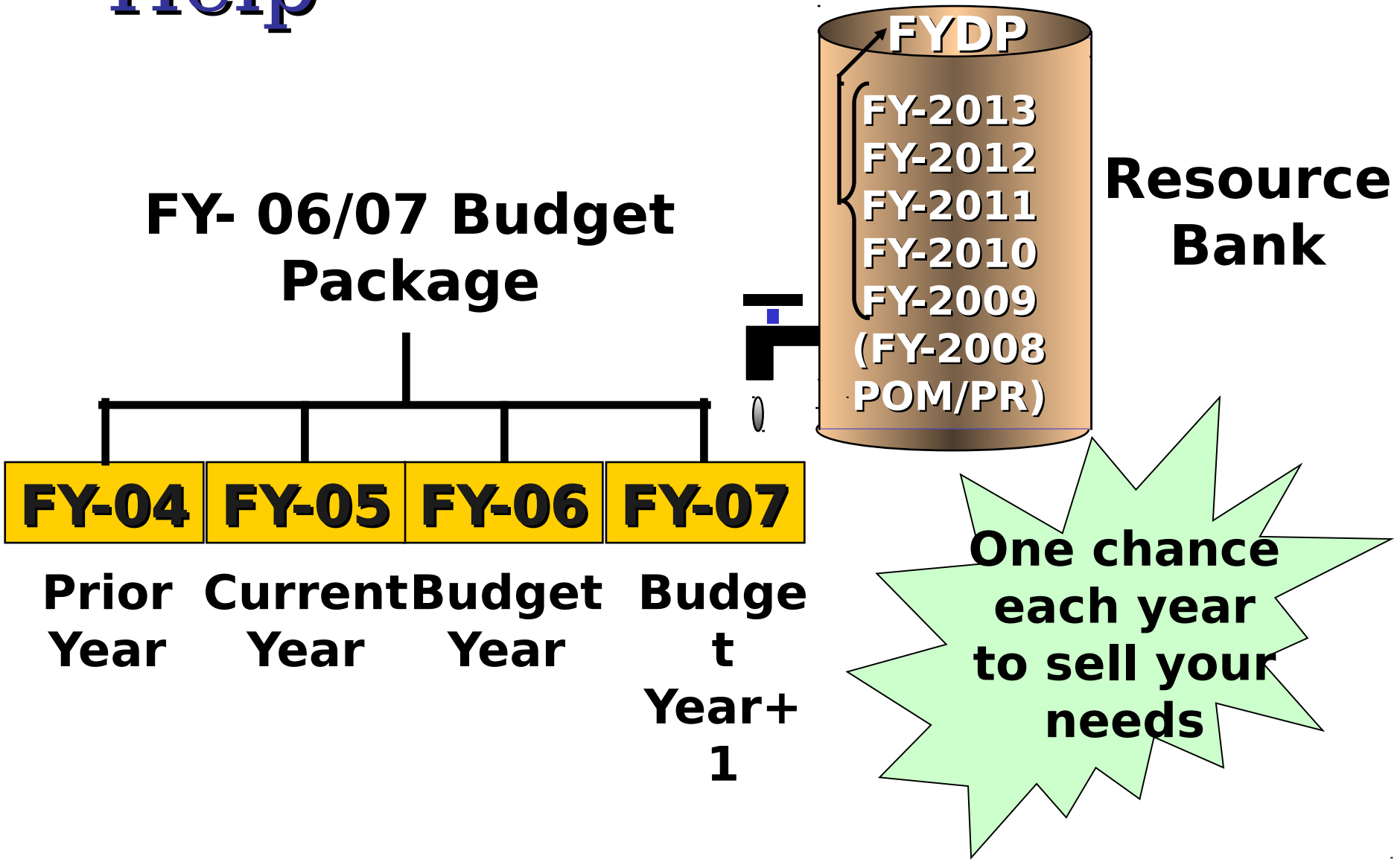
Claimant/Region Responsibilities

- Jan — Develop SRM Budget Guidance/Exhs.
- Feb–Apr — Determine Activity Resource Distr.
- Mar-May — Conduct Budget Workshop ?
- Mar — Mid-year Review (now-year funds)
- Apr-May — Assist Activities – Budget Prep.
- Jun — Prepare FMB (NAVCOMPT) Budget
- Aug/Sep? — Input to POM Issue Papers/BAM (CP)
- Sep — Prepare OSD Budget
- Nov/Dec — Prepare Year-end Execution
- Sept-Nov — Finalize/Submit AIS data; Final IRRS
- Dec — Prepare Presidential Budget

Planning, Programming and Budgeting System



POM/PR Issues - Source of Help



POM/CP Interfaces

Issues based on Model / unmodeled requirements

REQUIREMENT

POM/CP Issues

FSM

(Includes dredging)

SII ST
SUSTAINMENT

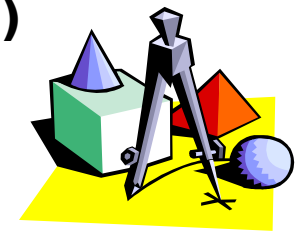
FSSM ????

Real_Property Services (RPS) / Fac. Mgmt Service Levels (SL)

SII FX
SERVICES

SII FP
FAC. MGMNT

AIS/IRRS



FRM

SII RM
RESTORATION & MODERNIZATION

MILCON

New Footprint

SII NF
NEW FOOTPRINT

MILCON

PAPERS MAY NOT BE PREPARED BY SII

Generic Service Levels (SL)

- SL-1 Installation possesses the required resources and expertise to execute its *full* mission (full quantity and quality requirement).
- SL-2 Installation possesses the required resources and expertise to execute *most* of its mission (with degradation in both quantity and quality).
- SL-3 Installation possesses the required resources and expertise to execute *many, but not all* portions of its mission (with degradation in both quantity and quality).
- SL-4 Installation *requires additional resources and/or training* to execute its mission but may be directed to execute portions of its mission with resources on hand.

Capabilities Based Budgeting -CBB

- Zero-based analysis annually; past funding not a factor
- Visibility of outputs & service levels for $ invested
- Displays what programs do / where $ go
- Aligns with same output based process across entire PPBS spectrum
  - Performance Models/CP/POM/Budget Formulation/Budget Execution/Stockholders' Report
- Helps identify and describe risks/impacts
- Helps ID where $ most critically needed

Capabilities Based SRM Budget

- Budget Requirements derived from FSM and FRM
- Planned (Budget) Funding:

Activity Funding:

- E/S Calls – consistent year to year unless major demo or new const. Analyze for variation from NAVFAC 3 hrs/call avg.
- SJOs – Review scopes & estimates annually; cancel “blank checks”
- Minors/Specifics – requires estimates (detailed for Specifics)
- Overhead – planned funding IAW MEO, Functionality Assessment or other recent staffing study?

CNI/REGION Funding:

- Special Projects for major work – all require valid scope & Engineering estimates.

Budget Terminology

- **Installation Management Accounting Project (IMAP)**
  - **Business Areas**
  - **Functions**
  - **Sub-Functions (SFAs)**
- **Special Interest Item (SII) / Special Interest Code (SIC)**
- **Cost Account Number (CAN)/Code (CAC)**
- **Investment Category (IC)**
- **BA, AG/SAG, Function/Subfunction**
- **BOS, OBOS, SRM**

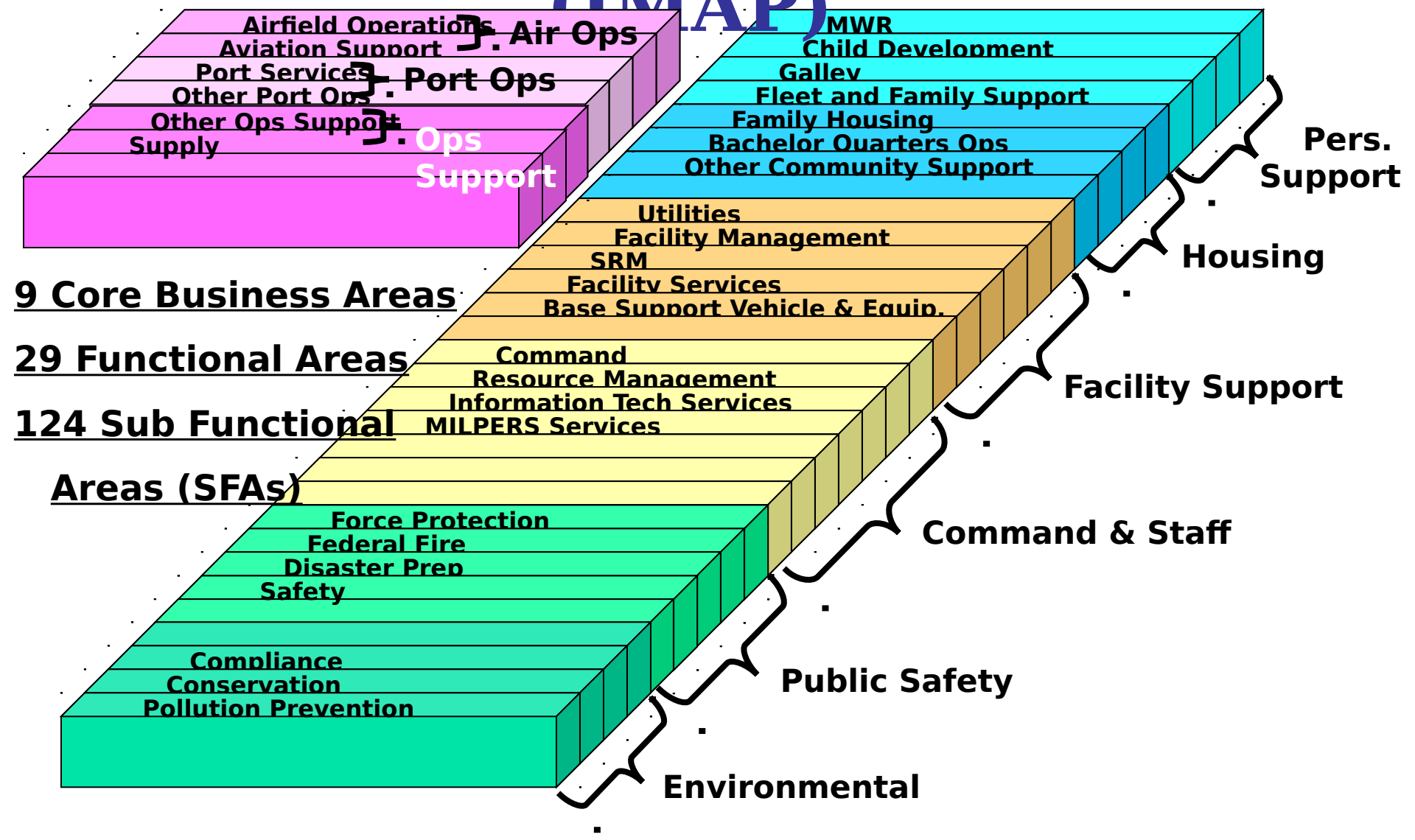
See IMAP 2003 Handout

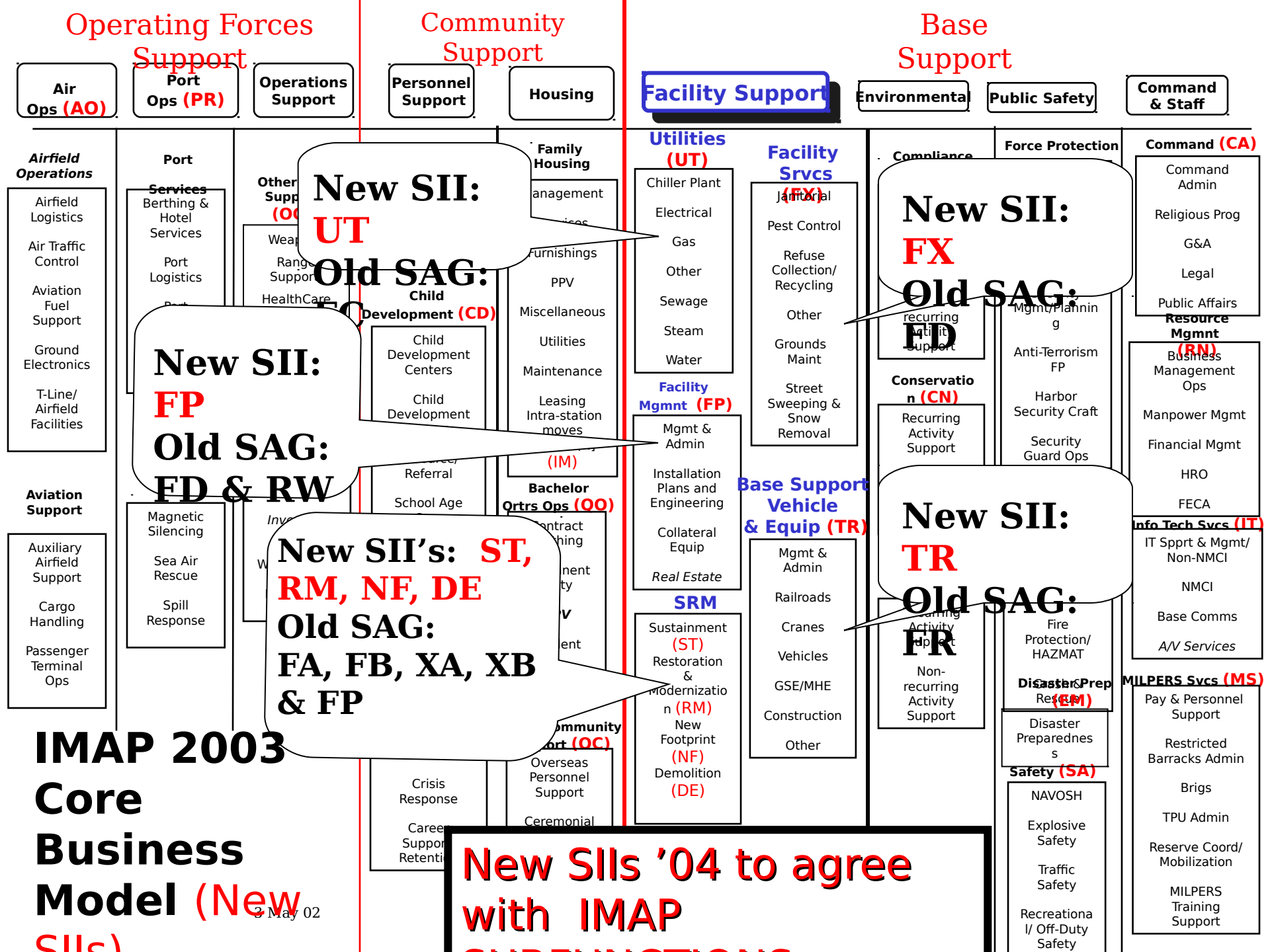
THE SHORE ESTABLISHMENT (IMAP) CORE BUSINESS MODEL (CBM)

- BASE OPERATING SUPPORT (BOS)
  - All the Business Areas (top line) on IMAP
- SUSTAINMENT, RESTORATION & MODERNIZATION (SRM)
  - Function under Facility Support Business Area
  - Subfunctions (SFAs) are shown in the boxes under each function
- OTHER BASE OPERATING SUPPORT (OBOS)
  - All boxes other than SRM

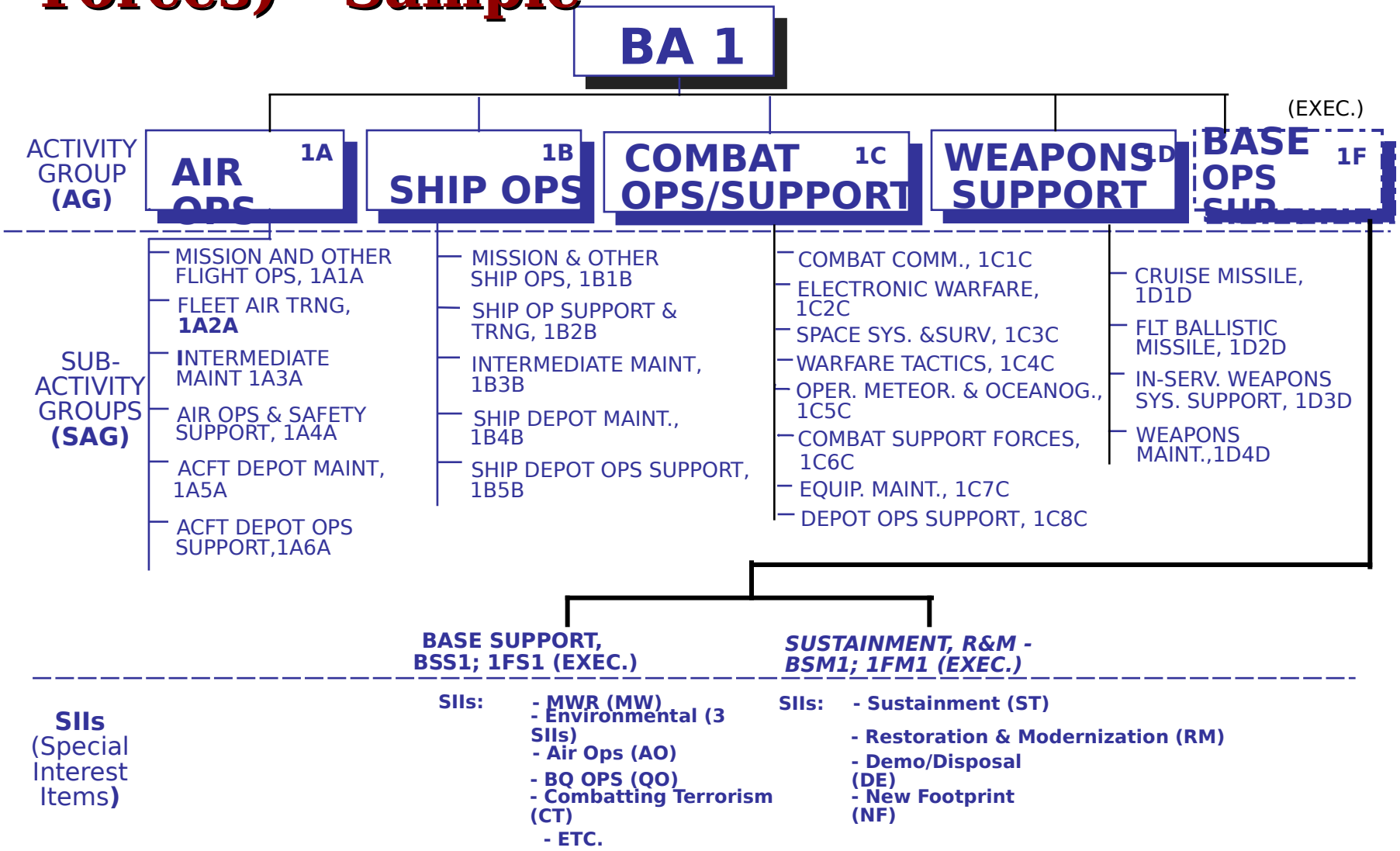
BOS = OBOS + SRM

What Navy Installations Do (IMAP)




Operating Forces Support
Community Support
Base Support
Air Ops (AO)
Port Ops (PR)
Operations Support
Personnel Support
Housing
Facility Support
Environmental
Public Safety
Command & Staff
Airfield Operations
Airfield Logistics
Air Traffic Control
Aviation Fuel Support
Ground Electronics
T-Line/ Airfield Facilities
Aviation Support
Auxiliary Airfield Support
Cargo Handling
Passenger Terminal Ops
Port Services
Berthing & Hotel Services
Port Logistics
Magnetic Silencing
Sea Air Rescue
Spill Response
HealthCare
Child Development (CD)
Child Development Centers
Child Development
Referral
School Age
Crisis Response
Family Housing
Furnishings
PPV
Miscellaneous
Utilities
Maintenance
Leasing Intra-station moves
(IM)
Bachelor Qrtrs Ops (QQ)
Overseas Personnel Support
Ceremonial
Utilities (UT)
Chiller Plant
Electrical
Gas
Other
Sewage
Steam
Water
Facility Mgmnt (FP)
Mgmt & Admin
Installation Plans and Engineering
Collateral Equip
Real Estate
SRM
Sustainment (ST)
Restoration & Modernization (RM)
New Footprint (NF)
Demolition (DE)
Facility Srvcs (FX)
Janitorial
Pest Control
Refuse Collection/ Recycling
Other
Grounds Maint
Street Sweeping & Snow Removal
Base Support Vehicle & Equip (TR)
Mgmt & Admin
Railroads
Cranes
Vehicles
GSE/MHE
Construction
Other
Compliance
recurring Activity Support
Conservation (CN)
Recurring Activity Support
Non-recurring Activity Support
Force Protection
Mgmt/Planning
Anti-Terrorism FP
Harbor Security Craft
Security Guard Ops
Fire Protection/ HAZMAT
Disaster Prep (EM)
Disaster Preparedness
Safety (SA)
NAVOSH
Explosive Safety
Traffic Safety
Recreational/ Off-Duty Safety
Command (CA)
Command Admin
Religious Prog
G&A
Legal
Public Affairs
Resource Mgmnt (RN)
Business Management Ops
Manpower Mgmt
Financial Mgmt
HRO
FECA
Info Tech Svcs (IT)
IT Spprt & Mgmt/ Non-NMCI
NMCI
Base Comms
A/V Services
MILPERS Svcs (MS)
Pay & Personnel Support
Restricted Barracks Admin
Brigs
TPU Admin
Reserve Coord/ Mobilization
MILPERS Training Support
New SII: UT
Old SAG: FC
New SII: FP
Old SAG: FD & RW
New SII's: ST, RM, NF, DE
Old SAG: FA, FB, XA, XB & FP
New SII: FX
Old SAG: FD
New SII: TR
Old SAG: FR
IMAP 2003 Core Business Model (New SIIs)
New SIIs '04 to agree with IMAP
3 May 02

Restructured O&M,N AG/SAGs
Budget Activity (BA) 1 (Operating Forces) - Sample



New SII's/SIC's (* Former OB SII)

- AO - Air Ops *
- PR - Port Ops *
- OO - Other Ops *
- SP - Supply Ops *
- CD - Child Development
- FS - Family Service Ctr
- GL - Galley *
- MW - Morale, Welfare, Rec
- OC - Other Community Support
- QO - Quarters Operations
- IM - Interstation Moves *
- **TR – Transport. Vehicles ***
- **FP - Facilities MGT ***
- **FX - Facilities Services ***
- **UT - Utilities ***

- EC – Environ. Compliance
- CN – Environ. Conservation
- PP - Pollution Prevention
- EM - Emergency Mgt *
- FI - Federal Fire *
- CT – Comb. Terrorism (BSS_)
- SA - Safety *
- CA - Command Administration *
- IT - Information Technology *
- MS - MILPERS Services *
- RN - Resource Mgt / FECA *
- ST - Sustainment
- RM - Restoration & Modern.
- DE - Demolition
- NF - New Footprint

SRM

Old Sub-Activity Groups (SAGs)/ Subfunctional Categories (SECs)	"Real Property Maintenance Activities" (RPMA) Functions	New Special Interest Items (SIIs)
FC/N1	Utility Operations	UT SII
FD/P1	Other Engineering Support:	
	Facilities Mgmnt	FP SII
	Facilities Services	FX SII
FA1/M1	Maint. & Rpr. $0-$500K**	ST SII + RM SII + DE SII + NF SII
FB1/R1	Minor Constr. $0-$500K**	
FA2/M2	Proj. Maint. & Rpr. >$500K**	(OLD RPM *)
FB2/R2	Proj. Min. Const. $500K-750K	(1)**

Installation Managed

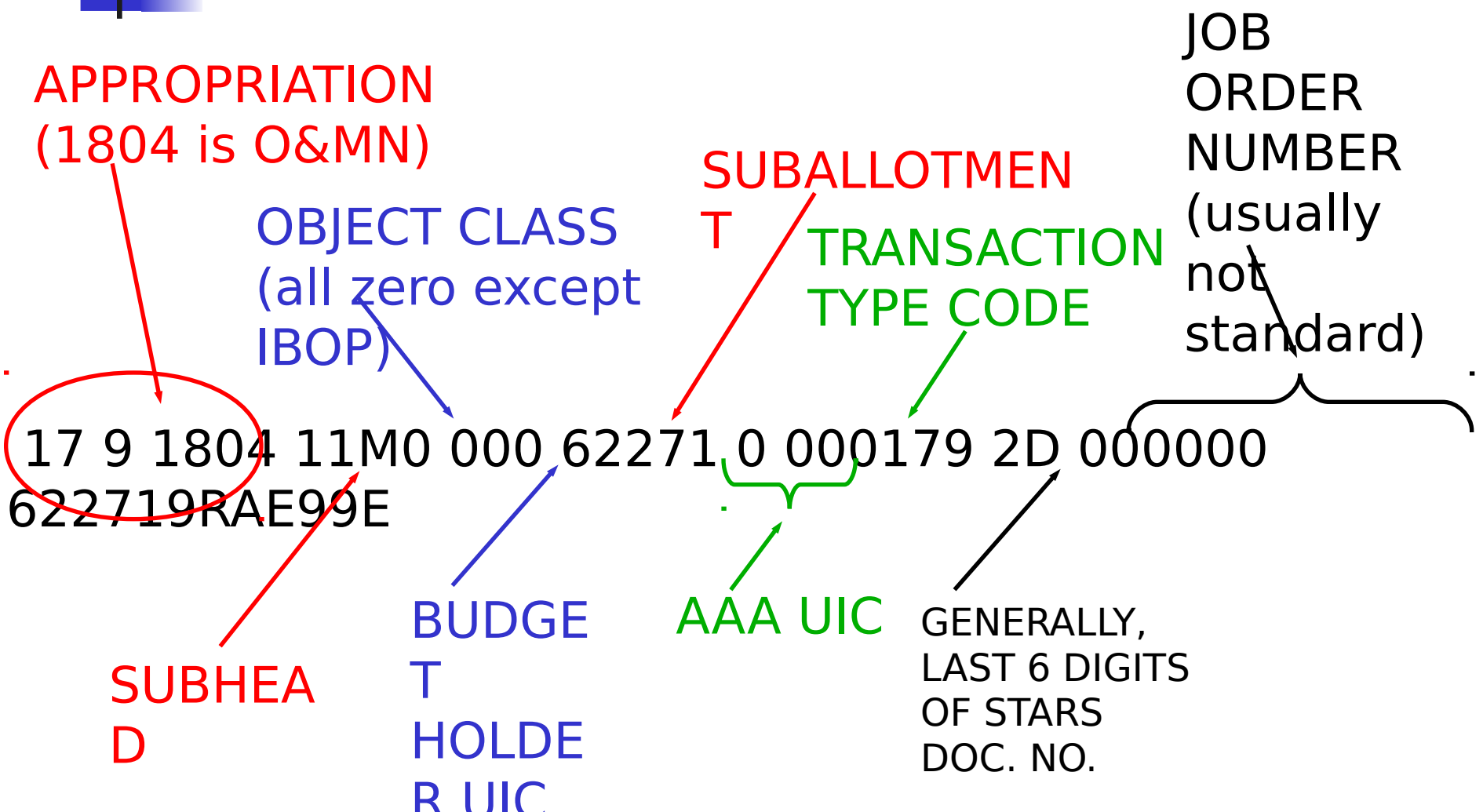
Claimant (CNI) Managed

(1) $1.5M for Life/Health/Safety

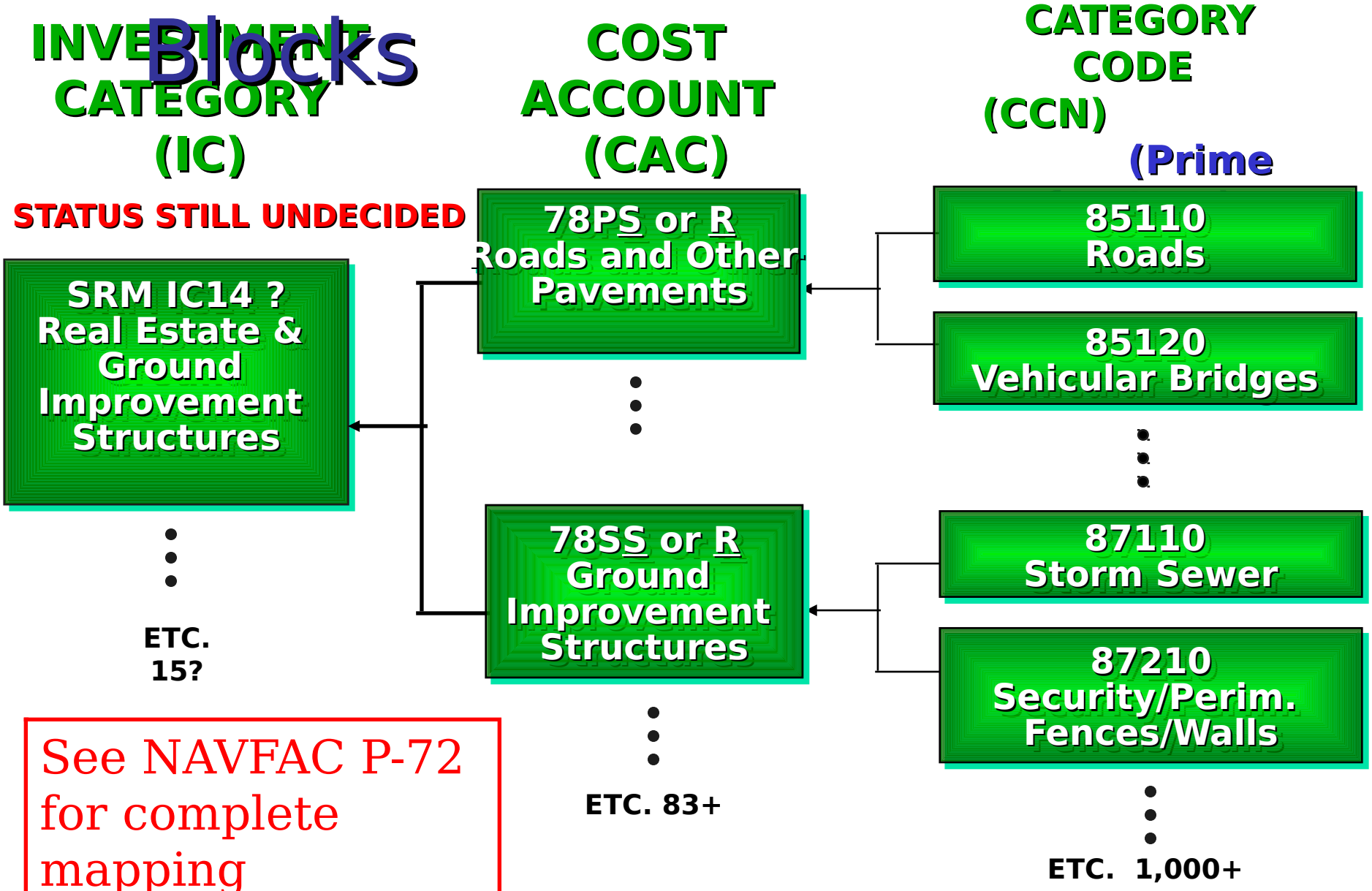
* RPM (MRP) is now SRM and includes Maint. & Repair AND Minor Construction; S/RM also includes MILCON.

** Limits are CNI thresholds; Region limits may be lower.

TYPICAL LINE OF NAVY ACCOUNTING :

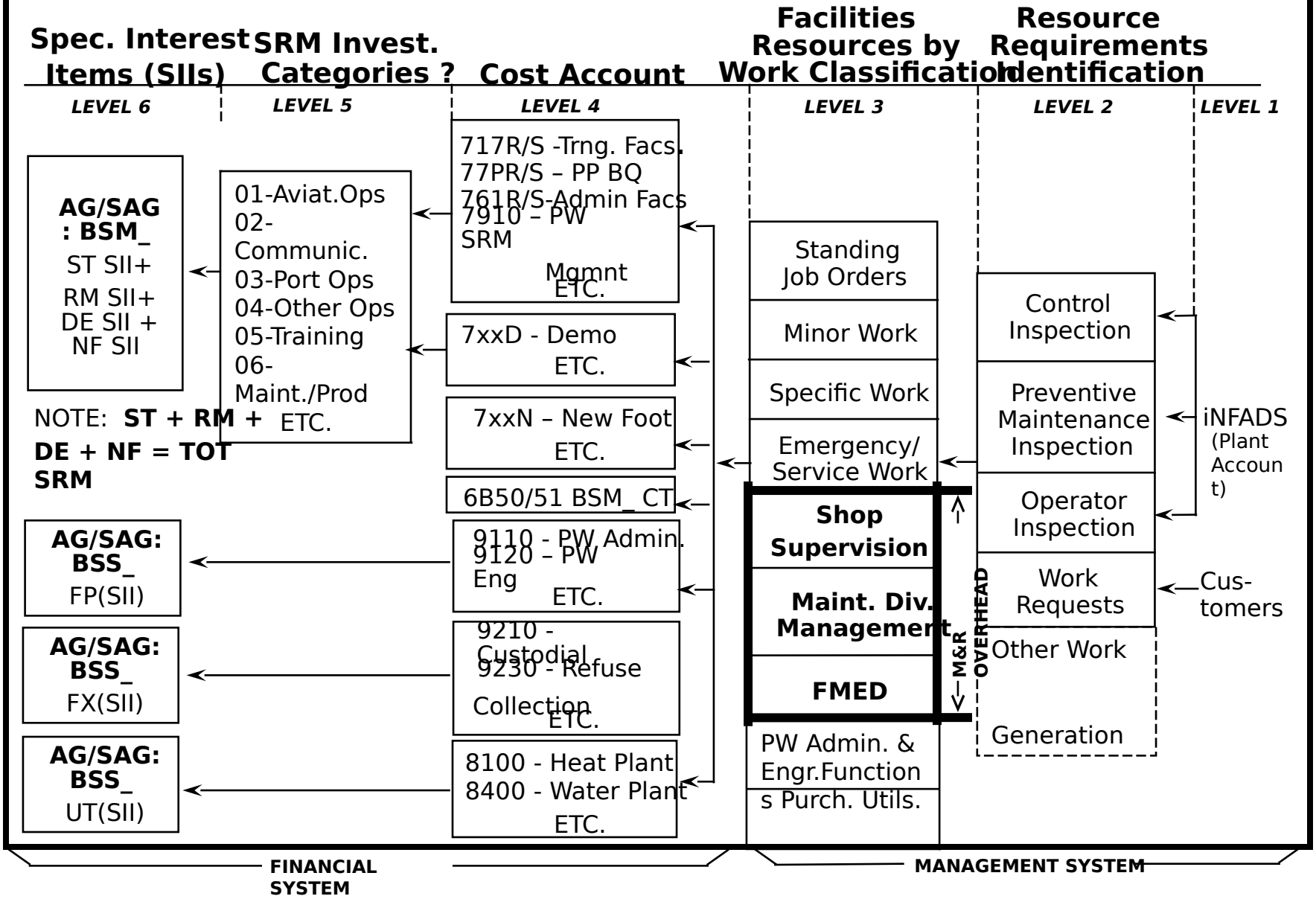


SRM Budget Building Blocks



See NAVFAC P-72 for complete mapping

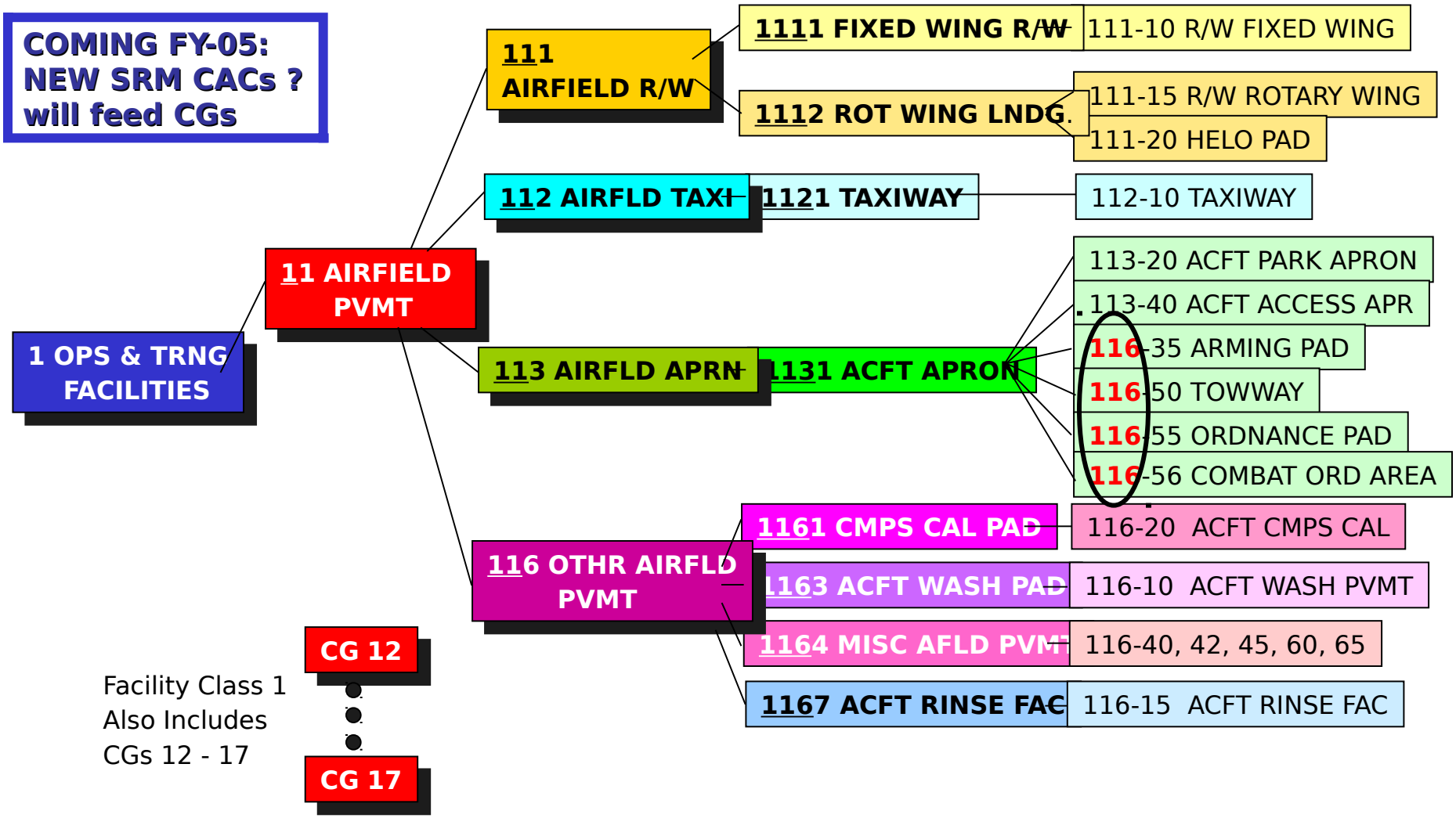
Integrated Facilities Management and B



CCN – FAC – BC – CG – FC Relationship (Ex

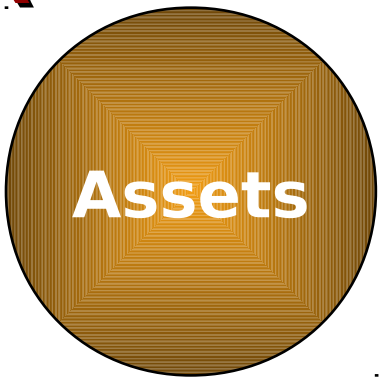
Facility Class (FC) – 8+1	Cat. Group (CG) +/- 40	Basic Cat. (BC) +/-120	Facility Analysis Category (FAC) +/- 300	CAT CODE (CCN) – approx. 1000

COMING FY-05:
NEW SRM CACs ?
will feed CGs



Management Indicators (Metrics)

Relate 3 Key Data Bases :



iNFADS

AIS / IRRS

BUDGET

What you have
(Value in $)

What's wrong
(Problems in $)

How you PLAN to correct
(Jobs in $)

Facility Condition Index (FCI) = AIS / PRV *

LOW IS GOOD

Asset Protection Index (API) = M&R Budget / PRV *

HIGH IS GOOD ***FSM + FRM = approx. .033 x PRV for FY-03***
(.02 - .04 trgt)

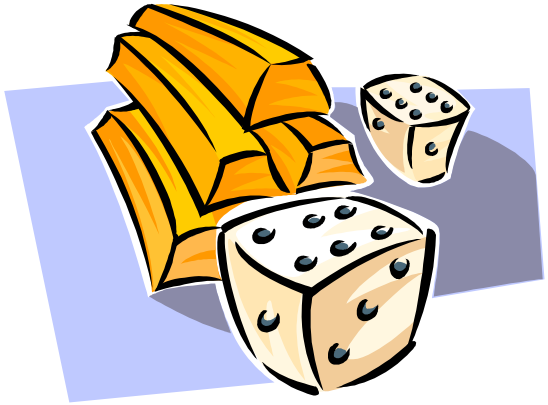
API Replaced by Deferred Sustainment =
FSM Reqmnt minus Sustainment Funding

Target is 0

* CPV used prior to FY-03

WHERE DO I SPEND THE

?

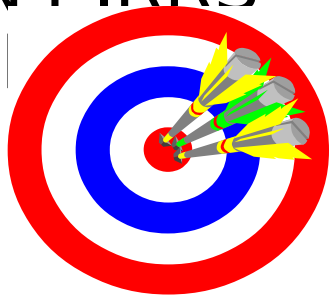


CNO HAS PROVIDED SOME GUIDANCE……

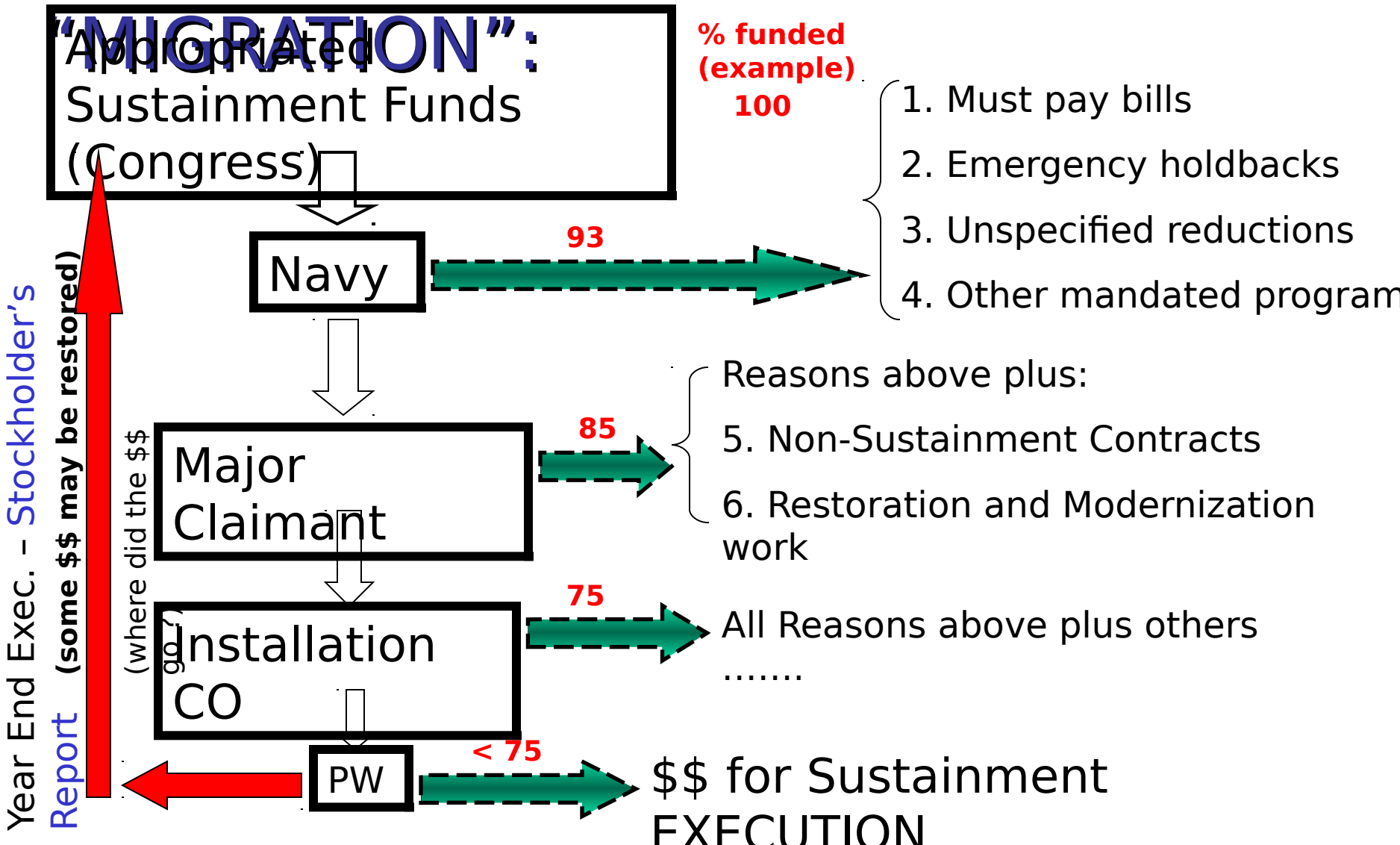
SRM Programming Guidance

(Facility Investment Strategy)

- **SUSTAINMENT:** Fund at 100% by FY-06 (93% for ’04; 90% for ’05)
- **R&M:** Eliminate all Q3/Q4 IRRS ratings by 2010; Achieve 67 year recap ~~by FY-08~~ 2010
- **DEMO:** Reduce inventory by 1.6M SF per year through 2010
- **NEW FOOTPRINT:** Eliminate all N3/N4 IRRS Quantity (N) ratings by 2010 (may be impacted by AT/FP requirements)



TARGETS MAY BE UNOBTAINABLE; One Reason: FUNDS



Financial Management Training

ENTRY LEVEL COURSES

- **Introduction to Navy Financial and Managerial Accounting (FMA)**
- **Principles of Navy Budgeting (PNB)**
- **Fundamentals of the Navy Working Capital Fund (NWCF)**

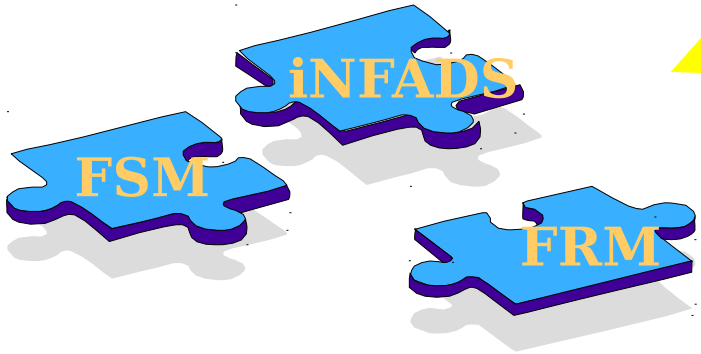
http://www.nfmc.navy.mil/ENTRYLEV.htm

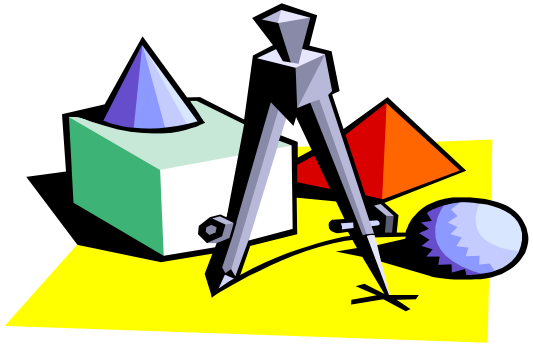
Also, CNO N6 Tutorial (needs updating):

http://CNO-N6.hq.navy.mil/N6E/PPBS/default.htm

NEXT……

Sustainment, Restoration and Modernization





FRM